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Similarities in Canadian and American corporate innovation cultures

Our study found that 69% of both American and Canadian knowledge workers believe their companies to possess positive innovation cultures.

While many commentators claim that Canada lags behind the United States in its ability to innovate, we found no evidence of this in our recent study on corporate culture. Through a series of studies the Impact Center is examining Canadian attitudes, beliefs and practices in innovation. Our prior study looked at attitudes towards innovation and found undeniable differences in Canadians willingness to take risks. This study set out to determine whether there is a difference in Canadian and American corporate innovation culture.

We set out to examine three dimensions of corporate culture including:

- Receptivity to new ideas
- The factors which pressure companies to innovate
- Employee beliefs as to internal capabilities to innovate

To conduct the study, we asked 1,000 knowledge workers about their attitudes towards innovation, receiving responses from 600 Americans and 400 Canadians.

And while we expected to find differences between beliefs in the two countries, when we looked at the data we found it difficult to identify any real differences. In many cases, the responses came back with such similar numbers. The only consistent trend that we found is an increased likelihood of Americans to be polarized in their opinions; more likely to answer “Strongly Agree” or “Strongly Disagree” than Canadians are.

Our study found that 69% of both American and Canadian knowledge workers believe their companies to possess positive innovation cultures.

- There was less than a 5% difference in Canadian and American responses for nine out of the twelve questions.
- Americans are 11% more likely than Canadians to identify problems at work.
- Americans were 13% more likely to think that their culture makes it easy to put forward new ideas.

Corporate innovation culture plays an important role in fostering or inhibiting the development of new innovative ideas. Culture sets the tone for an organization and permeate employee lives on a daily basis. This in turn affects a country’s ability to create and foster an innovation economy.

While these results may appear inconsequential, they allow us to eliminate a potential cause of Canadian innovation problems by highlighting the similarities in the Canadian and American beliefs about a culture of innovation.

This is by no means an exhaustive or academically rigorous study. Our intention is to add to the conversation about innovation by identifying and addressing the reasons why Canada may lag behind much of the developed world.

Attitude sets the tone for innovation

As Canadians, we keep telling ourselves the story that we do not compare favourably with the rest of the world in innovation. Study after study has confirmed that we lag behind the rest of the world in our capacity for innovation.

- Canada ranks 16th on the Global Innovation Index behind much smaller countries such as Switzerland, Sweden, Netherlands, and Finland.
- On The Conference Board of Canada's Innovation Report Card we rank 13th out of the 16 peer countries.
- In its world competitiveness index the World Economic Forum ranked Canada 15th out of 144 countries.

While we excel at research, getting those inventions accepted in the market has turned into a national angst: with writers everywhere opining as to what should be done in order to claim our place as world leaders in innovation.

But are we looking at the full story? Do we really know why we are underperforming? Do we understand precisely where we fail? And from that, can we figure out what to do about it?

The Impact Centre at the University of Toronto set out to address these questions. We want to figure out:

- Whether Canadians are actually inferior innovators, or if past surveys are skewed?
- If we are poor innovators, where do our deficiencies lie?
- Why do these deficiencies exist?
- What are the best practices in areas where we lag?
- How can we improve?

This is our second study examining the attitudes towards innovation. These attitudes matter because they set the tone. Individual attitudes can pervade larger social networks and come to govern the organizations and businesses in which these individuals participate. If these attitudes are negative and are hampering our progress, then there may be something we can do to spark changes in our cultural approach and views on innovation. However, if our attitudes are not negative, then this suggests that we can look at other areas for answers to our problems.

Corporate innovation culture is important in that it can foster or inhibit the development of new ideas. Culture sets the tone for an organization and can permeate what employees do on a day-to-day basis. This in turn affects a country's ability to create and foster an innovation economy.

A supportive corporate culture is essential for innovation

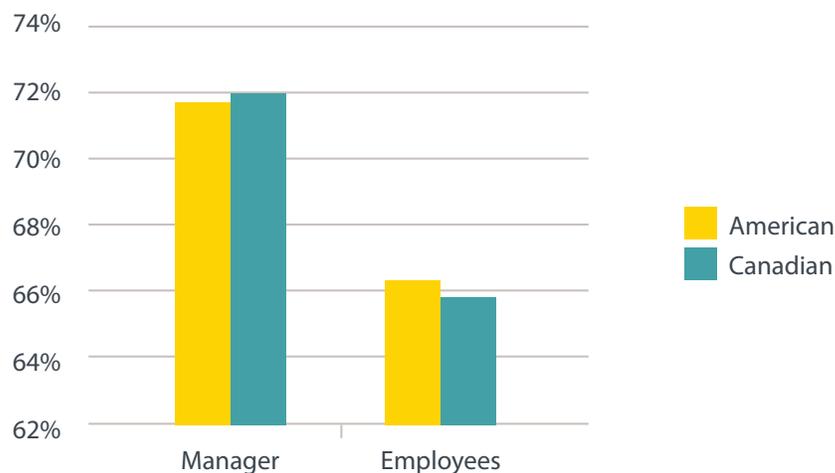
If our business culture is not supportive of innovation we will be less likely to come up with creative ideas for new products and processes. It is also less likely that innovators will have the patience to turn ideas into new products or services, or to undertake the significant effort needed to make these innovations successful in the marketplace. In fact, positive corporate culture is one of the precursors to a successful innovation economy.

We set out to look at innovation by asking employed knowledge workers to answer twelve questions about their corporate culture. The responses to these twelve questions are summarized in the following sections.

Figure 1 shows percentages of Canadians and Americans who agree or strongly agree that their corporate culture is supportive of innovation. We have categorized the respondents by whether they are employees or management. Overall, the results for Canada and the United States are almost identical. In both countries, 69% of respondents believe that their organization has a positive corporate culture in the area of innovation.

The similar beliefs between the two countries was unexpected. In fact, there are very few differences overall between Canada and America. Even when one looks at manager beliefs versus employee beliefs (Figure 1) there is no significant difference between countries. Despite this, there is a surprising difference between managers and employees in both countries. It appears that managers think more highly of their company's support of innovation than their employees do.

Figure 1. Corporate Culture Supports Innovation



While these results may appear inconsequential and perhaps not worthy of publication, discovering that Canadian and American beliefs about a culture of innovation are very similar allows us to eliminate this as a potential cause of innovation problems that Canada may have.

Receptivity to new ideas

To innovate successfully, individuals must be willing to take risks. Therefore, to encourage innovation risk taking must be encouraged both in personal actions and the workplace. Individuals are less likely to engage in innovative behaviour without encouragement and support from their peers and managers.

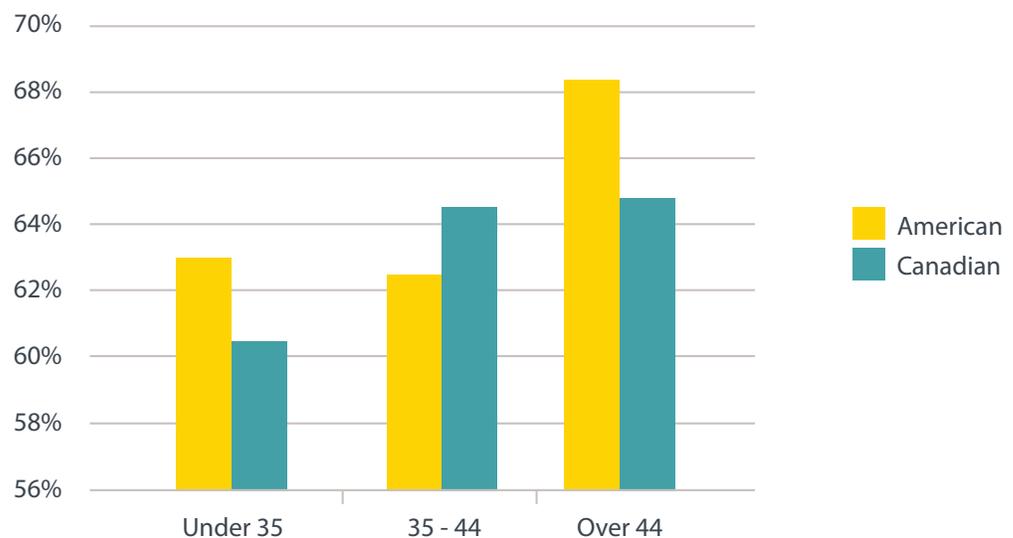
In order to measure receptivity to new ideas, we asked respondents how they felt about the following statements:

- Co-workers are reluctant to identify problems.
- Constructive criticism is encouraged.
- Our workplace culture makes it hard for people to put forward new ideas.
- Management encourages innovation.

Overall, Americans were shown to be slightly more receptive to new ideas in the workplace, although the difference is not considerable. Two of the questions elicited a small difference. American workers were less reluctant to identify problems in the workplace, and also believe that their corporate culture makes it easier to put forward new ideas.

Figure 2 shows the percentage of respondents who believe that their company is receptive to new ideas.

Figure 2. Receptivity to new ideas



Pressure to Innovate

Innovation requires change, but generally change doesn't happen unless there is some external influence that forces companies to adapt. Innovation comes as a response to strategic pressures, technological change, new regulations, or a drive for efficiency.

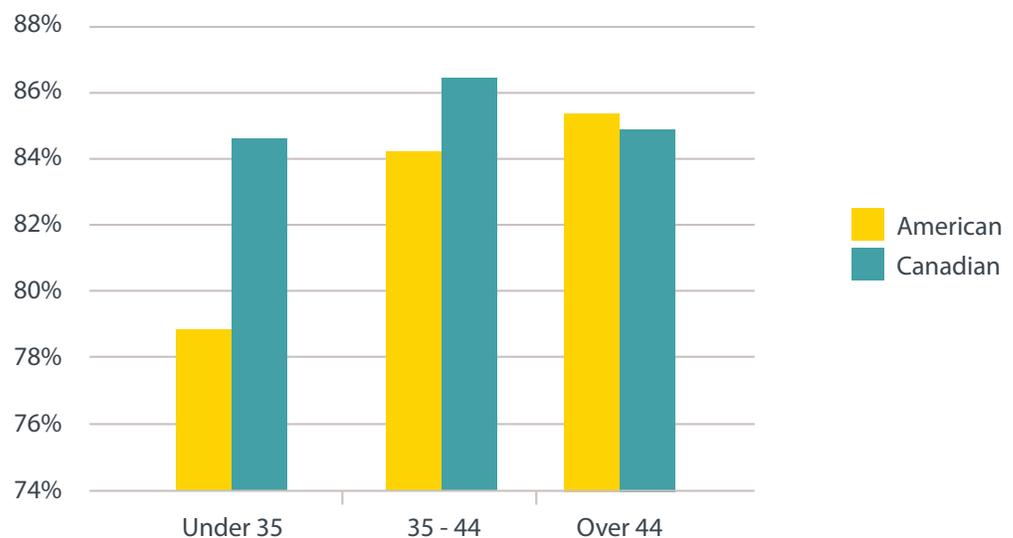
In order to measure pressure to innovate, we asked survey participants whether they agreed with the following statements:

- We are always trying to improve how we do things.
- Competitive pressures require innovative responses.
- Technological changes at work require innovative responses.
- Pressure to reduce cost forces us to innovate.

From the survey responses, it appears that technological change is the greatest driver of innovation, followed by competitive pressure. But once again, there isn't a great deal of difference between Americans and Canadians. While Canadians are 3.4% more likely to acknowledge the existence of these drivers, the pressure to change is more keenly felt by older knowledge workers and by managers more than employees.

Figure 3 shows the percentages of respondents who acknowledge the various pressures that are in place to require an innovative response.

Figure 3. Pressure to Innovate



Generation of new ideas

With a strong culture and external pressure for innovation, the next requirement for a firm is to have a method for generating and vetting ideas.

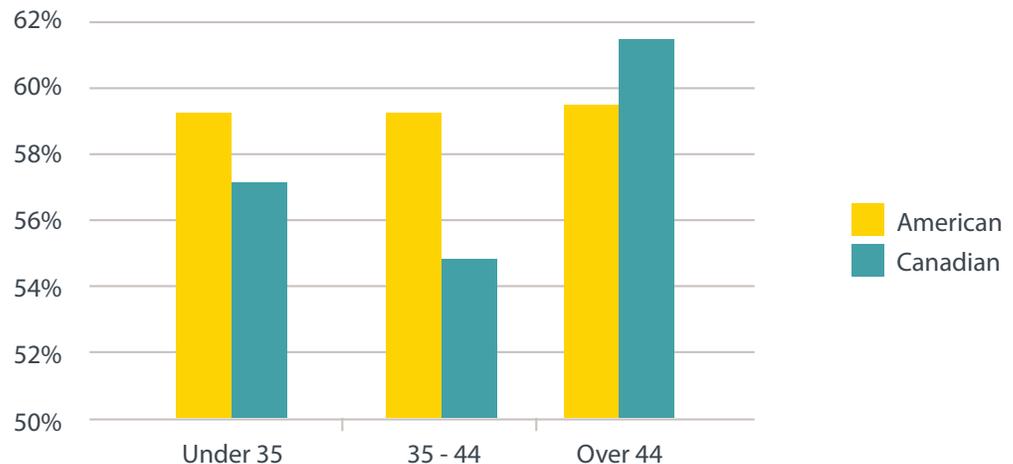
In order to measure attitudes to generation of new ideas, we asked survey participants whether they agreed with the following statements:

- We have a structured way of assessing the potential of new ideas.
- Few good ideas for new products and businesses come from outside the company.
- People in our unit come up with very few good ideas on their own.
- Our people prefer ideas that we generate as opposed to those obtained from outside work.

As with other findings from this survey, there is little discernable difference between the American and Canadian participants. While the Americans to a small degree prefer internally generated ideas to those that come from outside a firm, the difference is not large enough to make a significant impact.

Figure 4 shows the percentages of respondents who are strongly positive about their firm's ability to generate new ideas.

Figure 4. Generation of new ideas



Methodology

To measure attitudes about idea generation, we conducted a survey of 1,000 knowledge workers: employed individuals with at least a college degree. We obtained answers from 600 Americans and 400 Canadians in November 2015.

We asked respondents whether they Strongly Agree, Agree, Disagree, or Strongly Disagree with the following statements:

1. Co-workers at work are reluctant to identify problems.
2. Constructive criticism is encouraged.
3. Our culture makes it hard for people to put forward new ideas.
4. Management encourages innovation.
5. We are always trying to improve how we do things.
6. Competitive pressures require innovative responses.
7. Technological changes at work require innovative responses.
8. Pressure to reduce cost forces us to innovate.
9. We have a structured way of assessing the potential of new ideas.
10. Few good ideas for new products and businesses come from outside the company.
11. People in our unit come up with very few good ideas on their own.
12. Our people prefer ideas that we generate as opposed to ideas obtained from outside work.

We grouped the respondents' answers into the three areas of the study and measured outcomes using three methodologies. We used a variant of the Net Promoter Score as our primary method of scoring responses. For illustrative purposes, we also tabulated responses where individuals Strongly Agreed, or Strongly Disagreed whichever was appropriate for the wording of the question. And finally, we compared whether respondents Agree or Strongly Agree to the statements.

This study was not intended to be academically rigorous; nor was it intended to be all-encompassing about the topic of idea generation. It was designed only to add to the conversation on innovation by looking at innovation at the level of the individual knowledge worker who may engage in innovation. We plan to complete further research on this subject in the future.

About the Impact Centre

Science to Society

We believe that science is the foundation for a better quality of life. Our vision is to be a place where you can connect with exceptional research, talent, training, innovative companies, and government to create products and services that benefit society.

Advancing Industry Innovation

We leverage the expertise and resources of universities to create real products and solutions for our clients. Our core competencies are in the natural sciences and engineering.

We catalyze university research to create long-term impact for our industry clients. We accelerate research to market!

Enabling Student Startups

The Impact Centre nurtures the creation and growth of student-led startups that are developing innovative products and services rooted in the natural sciences and engineering.

We provide training to help graduate students, recent graduates, and researchers transform their discoveries into real products and services that benefit society.

Training Innovators and Entrepreneurs

The Impact Centre offers research and industry-relevant training for professionals and students at all levels. We deliver speeches, workshops, undergraduate courses, and coordinate internship placements.

Our initiatives help professionals, undergraduate students, graduate students and postdoctoral fellows develop career skills to enable them to be successful innovators and leaders.

Studying Innovation

The Impact Centre explores questions at the intersection of science, business, policy, and society. We conduct research on all aspects of innovation, from ideation and commercialization to government policy and broader themes such as the connection between science and international development.

We study how companies of all sizes navigate the complex path between a discovery and the market and how their collective innovations add up to create a larger socioeconomic impact.

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